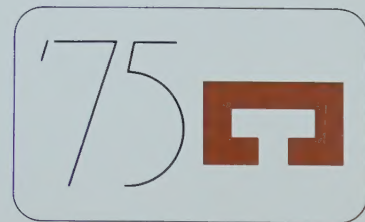


Canada Trust Annual Report



BARRIE:
Dunlop at Memorial Square

FERGUS:
Tower at St. Andrews

ELMIRA:
57 Arthur Street

STRATFORD:
Downie at Albert

KITCHENER-WATERLOO:
King at Water
King at Ontario
Belmont W. at Claremont
Fairview Park Mall
Forest Hill Plaza
Stanley Park Mall
Market Square
King at Erb
Weber at Lincoln
Westmount Place
Shopping Centre

GEORGETOWN:
29 Main Street S.

GUELPH:
Wyndham at Cork
Willow West Mall

RICHMOND HILL:
Hillcrest Mall

BRAMALEA:
Bramalea City Centre

BRAMPTON:
28 Main Street N.

OTTAWA:
Laurier at Metcalfe

CAMBRIDGE:
44 Main Street
John Galt Shopping Centre
King E. at Argyle

LONDON:
City Centre
Dundas at Wellington
Dundas at English

MILTON:
Main at Charles Street



TORONTO:

110 Yonge at Adelaide
15 St. Clair W. at Yonge
472 Eglinton Ave. W.
3006 Bloor at The Kingsway
Markland Wood Plaza,
Bloor Street W.
Yonge N. at Erskine

MISSISSAUGA:

2580 Hurontario near Hwy. 5
Square One Shopping Centre

Eglinton W. at Wincott
Shoppers' World,
The Danforth
St. Andrews Plaza,
The Links Road
Fairview Mall, Don Valley
at Sheppard

BURLINGTON:

Burlington Mall
Brant at Caroline
Robinson's Store,
Burlington Mall

HALIFAX:

6239 Quinpool Road

HAMILTON:

King at Hughson
Eastgate Square
Robinson's Store, Greater
Hamilton Shopping Centre

PORT COLBORNE:

Clarence at Elm

MONTREAL:

800 Dorchester Blvd. W.

OAKVILLE:

282 Lakeshore at Trafalgar

DUNDAS:

King at Sydenham

ST. CATHARINES:

King at Queen
Pen Centre

SIMCOE:

Norfolk N. at Young

DELHI:

Church at Queen

Horizon Mall: Huron at
Highbury



Contents

Page	
two	Highlights
three	Directors
four	Report To Shareholders
fourteen	Financial Statements
twenty	Auditors' Report
twenty-one	Fourth Quarter Earnings
twenty-two	Five Year Analysis Maturities
twenty-three	Ten Year Record
twenty-five	Simplified Financial Statements*
twenty-seven	Advisory Boards Real Estate and Mortgage Office Locations
twenty-eight	Regional and Head Office Management
twenty-nine	Services

INSIDE COVERS

On the inside front and back covers of this report we have listed our financial services branch locations. The photograph at the front is taken from the roof of the Canada Trust Tower, City Centre, London, looking East; the one at the back, looking West.

BROCHURE ILLUSTRATIONS

Throughout the report many of our financial services brochures are illustrated. Information on how you can obtain these brochures will be found on page twenty-nine.

*Simplified Financial Statements have been added to the report outlining the year's results and year-end position in uncomplicated terms. They will be found on pages twenty-five and twenty-six.

1



**The Huron and Erie Mortgage Corporation
The Canada Trust Company**

Highlights

CONSOLIDATED ANNUAL REPORT, year ended December 31, 1975

HIGHLIGHTS	1975	1974	% Increase (Decrease)
Income	\$ 251,090,000	\$ 207,195,000	21
Expense	227,651,000	190,597,000	19
Operating earnings before income taxes	23,439,000	16,598,000	41
Income taxes	9,360,000	7,569,000	24
Net earnings	\$ 14,079,000	\$ 9,029,000	56
Assets under administration	\$5,852,000,000	\$4,952,000,000	18
Personal, pension and pooled trust funds	3,226,000,000	2,728,000,000	18
Deposits	2,483,000,000	2,111,000,000	18
Loans	2,151,000,000	1,868,000,000	15
Shareholders' equity	120,776,000	88,760,000	36
Net earnings per common share	\$ 2.17	\$ 1.61	35
Net earnings per common share - fully diluted	2.14		
Dividends paid per common share	1.20	1.20	
Shareholders' equity per common share	15.06	14.54	4
Market price per common share			
High	27	31¾	
Low	22	16½	
December 31	24½	23½	
Price-fully diluted earnings multiple, December 31	11.4	14.6	
Number of preference shares outstanding			
Series A	380,280	425,000	
Series B	1,500,000		
Number of common shares outstanding			
Class A convertible	5,521,088	5,521,088	
Class B convertible			
Percentage of shares held in Canada	99	99	
Number of shareholders	6,309	4,612	
Number of branches and mortgage offices	96	93	
Number of full-time employees	2,224	2,226	
Number of real estate offices	48	46	
Number of real estate sales representatives	460	368	

Preference shares series B and common shares are listed on Toronto, Montreal, Vancouver and Alberta Stock Exchanges.

V-Day valuation of common shares as at December 22, 1971 is \$25.00

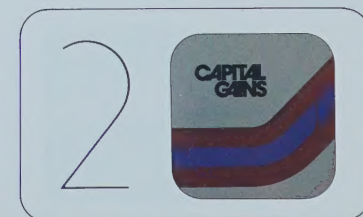
Annual General Shareholders' Meeting

Tuesday, February 24, 1976

2:00 p.m.

Holiday Inn, City Centre, London, Ontario

Head Office: Canada Trust Tower, 275 Dundas St., London, Ontario N6A 4S4



Directors

All those listed are Directors of Canada Trust except Henry Borden and John B. Cronyn who are Directors of Huron and Erie. Those serving as Directors of both Companies are indicated by an asterisk (*). Members of the Executive Committee are indicated by a circle(°).

* A.E. BARRON, Toronto
Chairman, Canadian Tire Corporation Limited

°° WALTER A. BEAN, Waterloo
Deputy Chairman, Canada Trust
Chairman, Economical Mutual Insurance Company

WESLEY J. BEATTY, Acton
Retired Executive

WALTER J. BLACKBURN, London
President & Publisher, London Free Press Printing Company Limited

HENRY BORDEN, Toronto
Corporate Director

C.W. BRAZIER, Vancouver
Barrister and Solicitor

D.W. BROWN, Kitchener
Chairman, Lear Siegler Industries Limited

HUGH CAMPBELL, Ottawa
Corporate Director

* C. ROBERT CLARKE, London
Vice-President - General Counsel and Secretary, Canada Trust

J.V. CLYNE, Vancouver
Director, MacMillan Bloedel Limited

* G.E. CREBER, Toronto
President and Chief Executive Officer
The Consumers' Gas Company

JOHN B. CRONYN, London
Corporate Director

FREDERICK W. DAKIN, Hamilton
President and Chief Executive Officer
The G.W. Robinson Company Limited

G.H. DOBBIE, Cambridge
President, Dobbie Industries Limited

T. EDMONDSON, St. Catharines
Chairman, Ferranti Packard Limited

W.W. FOOT, Waterloo
Director, Economical Mutual Insurance Company

°° J.D. HARRISON, London
Barrister and Solicitor

W. HOWARD HEMPHILL, Stratford
President, Imperial Furniture Mfg. Co. Limited

ELMORE HOUSER, Toronto
Barrister and Solicitor

°° A.H. JEFFERY, London
President, London Life Insurance Company

°° TOM F.G. LAWSON, London
Vice-President, Canada Trust
President, Lawson & Jones Limited

°° K.R. MacGREGOR, Waterloo
Chairman, The Mutual Life Assurance Company of Canada

C.A. MARTIN, Milton
Farmer

H.S. MATTHEWS, Guelph
Retired Executive

W.J. MCGIBBON, Waterloo
Barrister and Solicitor

DUNCAN MCINTOSH, Cambridge
Retired Executive

* M.C.G. MEIGHEN, Toronto
Vice-President, Canada Trust
Chairman, Canadian General Investments Limited

°° ARTHUR H. MINGAY, London
President and Chief Executive Officer
Canada Trust

CARL O. NICKLE, Calgary
President, ConVentures Limited

EDWIN C. PHILLIPS, Vancouver
President, Westcoast Transmission Company Limited

* LOUIS RASMINSKY, Ottawa
Chairman, International Development Research Centre

G.E. ROBERTSON, Guelph
Retired Executive

E.G. SCHAFER, Kitchener
Senior Vice-President, Lutheran Life Insurance Society of Canada

J.E. FROWDE SEAGRAM, Waterloo
Chairman, Canbar Products Limited

G.E. SHARPE, Winnipeg
President, Sharpe's Limited

W.H. SPRAGUE, Edmonton
Chairman, Sprague Drug Limited

W.J. STENASON, Montreal
Executive Vice-President
Canadian Pacific Investments Limited

R.W. STEVENS, Toronto
Barrister and Solicitor

JOHN D. STEVENSON, Toronto
Barrister and Solicitor

J.J. STUART, Windsor
Chairman and President
J.T. Wing Limited

°° J. ALLYN TAYLOR, London
Chairman, Canada Trust

NOAH TORNØ, Toronto
Chairman and Chief Executive Officer
Jordan Valley Wines Limited

GEORGE WHITAKER, London
Retired Executive

PETER N.T. WIDDRINGTON, London
President, John Labatt Limited

* J.D. WILSON, Vancouver
Corporate Director

R.B. WILSON, Victoria
President, The B. Wilson Company Limited

Honorary Directors

V.P. CRONYN
GORDON FARRELL
COLIN S. GLASSCO
HAROLD H. LEATHER
O.E. MANNING
HUGH L. McCULLOCH
JOHN W. SCOTT
MERVYN J. SMITH
J. GORDON THOMPSON
ALFRED S. UPTON
A. ERNEST WALFORD
CLARENCE WALLACE
C.N. WEBER

3



DIRECTORATE

Two new Directors were elected at the last Annual Meeting, Frederick W. Dakin of Hamilton, President of The G. W. Robinson Company Limited, and Peter N.T. Widdrington of London, President of John Labatt Limited.

During the year R.P. Bratty of Toronto, of the legal firm of Gambin, Bratty, was appointed to the Toronto Advisory Board and there were two appointments from Vancouver to the Pacific Advisory Board, Kenneth G. Heffel, President of Great West Steel Industries Ltd., and Richard I. Nelson, President of British Columbia Packers Limited.

We are fortunate in these new associations.

Unfortunately, because of statutory age limitations, O.E. Manning of Oakville was not eligible for nomination as a Director at the last Annual Meeting and Colin S. Glassco of Hamilton, for health reasons, did not stand for re-election. Both were named Honorary Directors. Because of age limitation, Richard Nelson of Vancouver was not eligible for reappointment to the Pacific Advisory Board. Each of these gentlemen had brought significant strength to the affairs of the Company.

In December we were saddened by the death of John E. Motz of Kitchener, for many years a valued Director.

ACKNOWLEDGMENT

The Company's progress stems in large measure from the capable and conscientious conduct of the men and women who comprise our management and staff. To all of them, in their various responsibilities, we extend, personally and on behalf of the Directors, an expression of hearty thanks.

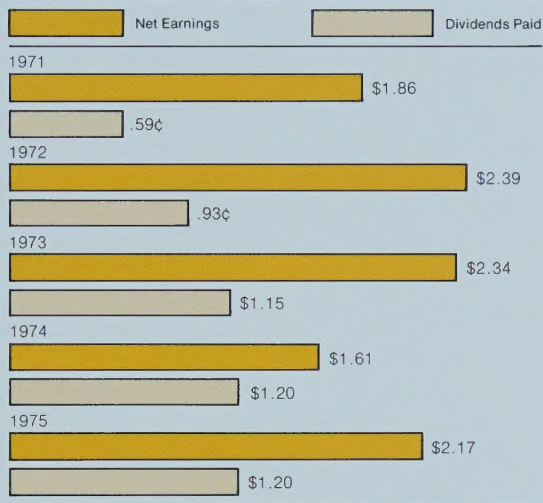
EARNINGS

1975 net earnings at \$14.1 million achieved a record level. Of this amount \$2.1 million was attributed to dividend requirements on preference shares, series A and B. Net earnings attributed to common shares approached the levels of 1972 and 1973. At \$2.17 per common share-basic the increase was 35% or 56¢ per share over 1974 net earnings of \$1.61. Assuming conversion of all outstanding convertible preference shares series B, fully diluted net earnings per common share would have amounted to \$2.14.

Four principal factors were responsible for this increase in net earnings:

- an improved spread between the average interest rate earned and paid at 1.77% in 1975 compared with 1.47% in 1974, both on a taxable equivalent basis,
- a substantial increase in volume of business,
- careful control of other operating expense,
- increased capital of \$30 million acquired during the year upon issuance of convertible preference shares.

Net Earnings Basic and Dividends Paid per Common Share



Investment income increased 21% to \$220 million whereas interest expense on deposits at \$175 million increased 18%. Investment income less interest on deposits improved from \$33.3 million in 1974 to \$45.0 million in 1975. Notwithstanding this improvement, our 1975 interest rate spread was well below the average of 1.93% for the latest five years as shown in an accompanying chart. Short term interest rates, after declining in the early months of 1975, advanced sharply in the last half of the year. Rates in the long term sector of the market remained at high levels and ended 1975 little changed from January 1st. For the year as a whole the downward bias in short term rates enabled our interest rate spread to improve from the historic low level we experienced in 1974.

Report To Shareholders

4



J. Allyn Taylor
Chairman of the Board and
of the Executive Committee
(seated at left)

Arthur H. Mingay
President and Chief Executive
Officer
(seated at right)

Mervyn L. Lahn
Executive Vice-President
(standing)

*The photograph shows the
Canada Trust Tower, City
Centre, London.*

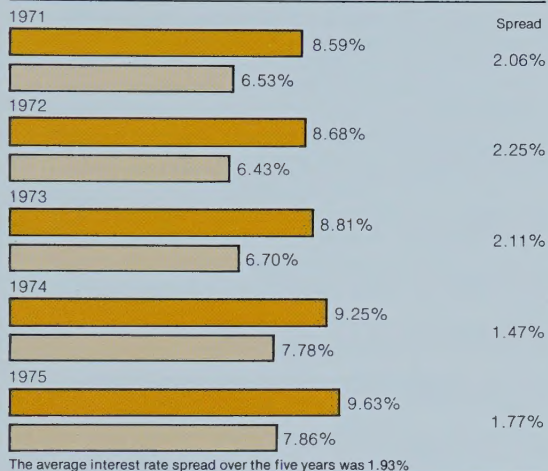


5



Interest Rate Spread Taxable Equivalent Basis

Rate Earned on Investments Rate Paid on Deposits
Calculated on average interest rate



ASSETS UNDER ADMINISTRATION

The increase in assets administered was highly satisfactory, being a record \$900 million or 18% during 1975 to \$5.9 billion at year-end. Personal, pension and pooled trust funds increased by \$498 million to \$3.2 billion while corporate assets at \$2.6 billion were up \$402 million. Particularly noteworthy was the corporate mortgage portfolio exceeding \$2 billion.

CAPITAL

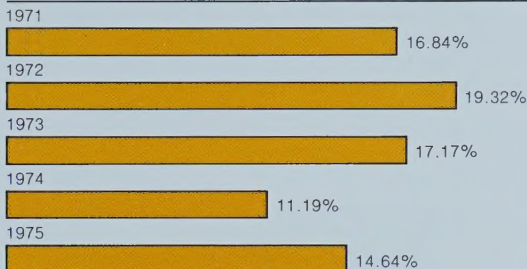
Late in April the Corporation offered to the public an issue of \$30 million cumulative redeemable convertible preference shares. This issue, in addition to providing funds required to enable us to maintain the pattern of growth of recent years, increased the total number of shareholders from 4,612 at December 31st, 1974 to 6,309 at year-end.

DEPOSIT MULTIPLE

In conformance with amended legislation, the Minister of Finance on the recommendation of the Superintendent of Insurance approved during the year an increased deposit multiple for both Huron and Erie

and Canada Trust from 20 times to 22.5 times the excess of assets over liabilities. This change, combined with increased capital referred to above, places the Companies in an excellent position for continued sound growth. At year-end, on a consolidated basis, the actual deposit multiple was 18 times.

Return on Common Shareholders' Average Equity



SPECIAL GENERAL MEETINGS

At Special General Meetings of preference and common shareholders held on September 9th, approval was given to a by-law to consolidate the general operating by-laws, a by-law and resolution increasing and varying the authorized capital and a resolution authorizing amendment of the instrument of incorporation by restricting voting rights of shareholders and number of voting shares which may be recorded in the name of any shareholder.

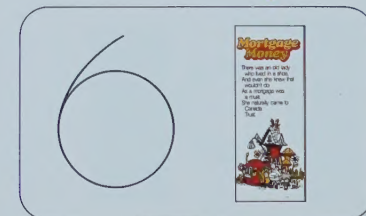
Over 74% of the common shares and 69% of the preference shares were represented at the respective meetings and of these over 98% of the common shares and 95% of the preference shares were voted in favour of the by-laws and resolutions.

The necessary approvals of regulatory authorities were subsequently received. Shareholders have been advised of the required steps should they be interested in exchanging their Class A common shares for Class B common shares.

LISTING OF SHARES

During the year Huron and Erie common and convertible preference shares, series B, were listed on the Montreal and Alberta Stock Exchanges. These shares are now listed on the Toronto, Montreal, Vancouver and Alberta Stock Exchanges.

Report To Shareholders



FINANCIAL STATEMENTS

Two changes in accounting practice are detailed in note 2 to the financial statements. Both, conservative in their effect, represent an ongoing pursuit of fullest possible financial disclosure. Security gains and losses and loan write-offs and recoveries are individually disclosed in the note detail whereas these items had previously been netted and shown as a separate item in the statement of earnings. A five year analysis of significant financial ratios is included in supplementary information to the statements. Shareholders and clients interested in obtaining further information are encouraged to contact the Treasurer.

CLIENT SERVICES

SAVINGS SERVICES

Automated Savings — Our on-line computer savings system was extended to an additional nine of 93 financial services branches. The on-line savings system now serves over 390,000 accounts with deposit volumes in excess of \$488 million. Transaction volumes for 1975 handled through the on-line system were in excess of 12 million entries.

The computerized savings system offers our customers the opportunity to transact their saving needs at any of 66 branches now on-line. This unique opportunity is becoming increasingly important in communities served by more than one of our branches. The multi-branch service concept is actively promoted as our "Unibranch Service".

In 1976 the on-line system will be extended to eight branches in Metropolitan Vancouver as well as to all new financial services branches to be opened during the year in Ontario.

Deposit Services — In 1975 interest rates on depositors' funds moderated from the all-time high levels reached in 1974. The savings account rate fluctuated between 6½% and 7¼% compared to a high of 9¼% in 1974. Term rates peaked at 10¼% versus 10¾% in 1974, while cashable term deposit rates reached 9¼% compared to 10½% in the previous year.

Savings and chequing deposits enjoyed substantial increases during the year, totalling \$104 million, being an increase of 22%, compared to a modest decline in 1974.

Guaranteed investment certificates and debentures increased \$175 million or 15% versus \$141 million and

14% in 1974. During 1975 available terms on these deposits were extended beyond the normal one to five years to include six to ten years. These extended term certificates have to date produced anticipated moderate volumes. Cashable term deposits decreased \$65 million reflecting the Company's 1975 strategy to decrease outstanding volumes of this type of deposit.

Total Deposits

	Demand and Cashable Term	Term	
1971	\$467	\$931	Total (millions) \$1,398
1972	\$555	\$1,022	\$1,577
1973	\$610	\$1,198	\$1,808
1974	\$693	\$1,418	\$2,111
1975	\$750	\$1,733	\$2,483

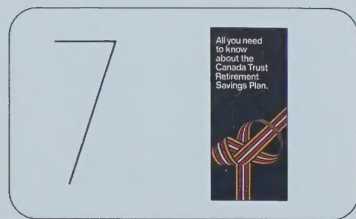
Sales of Canada Savings Bonds totalled \$100 million, equalling our historic market share of total sales. Travellers cheque sales again increased substantially, totalling \$16 million compared to \$12 million in 1974.

A safe deposit box service is now offered in 75% of our branches. Rental of facilities averaged 86% nationally, which includes new branches where vacancies are frequently high during the first few years of operation.

Investment Funds Services — Registered retirement savings plans experienced outstanding growth in 1975. We received \$111 million in cash flow and added 23,000 new planholders. We now act as trustee for 78,000 people in R.R.S.P.'s and their collective investment exceeds \$389 million.

Effective February 1st, 1976, our R.R.S.P. product will be further improved. The guaranteed section of the plan will be replaced with two new options - a savings section and a choice of guaranteed investment certificates with terms up to ten years.

Individual registered retirement savings plans are also available for those wishing to manage their own investments. We now administer 1,300 accounts with total assets of \$33 million.



In 1975, we received a number of major appointments for group registered retirement savings plans. These plans are tailored to meet specific needs and objectives of corporations, groups and societies and their participating employees or members.

During the year, a new tax-sheltered product - registered home ownership savings plan - was introduced. Excellent results were experienced with introduction of this product. Over 22,000 plans were opened with a total value of \$17 million, of which 53% were opened by clients new to Canada Trust.

As in 1974, our non-tax sheltered investment fund for individuals and groups showed a decline. This is due in part to an uncertain market environment, reduced real disposable income and an increase in R.R.S.P.'s. We now have 8,400 participants who have invested \$37 million in the income and equity sections of the investment fund.

LOANS AND REAL ESTATE SERVICES

Mortgage Services — Lower market demand for mortgage loans in late 1974 and very early 1975 moved sharply to a very high demand from March to June 1975. Total mortgage applications approved during 1975 were \$785 million including \$56 million for trust clients. These compared with \$472 million total and \$43 million for trust clients in 1974. More than 93% of 1975 volumes assisted financing of construction and ownership of residential properties in many communities from Victoria to Halifax.

Approximately \$40 million of 1975 mortgage applications were directed to Federal and Provincial assisted housing programs to enable financing construction and ownership of lower and moderately priced accommodation, both rented and owned.

The corporate mortgage portfolio at year-end was \$2.1 billion, an increase of \$286 million or 16% during the year. Total mortgages administered now exceed \$2.3 billion in over 86,000 accounts.

Payment arrears at December 31st, 1975 were 188 accounts or 0.218% in arrears 90 days or more, compared to 92 accounts or 0.117% at December 31st, 1974, the increase due in large part to the mail strike.

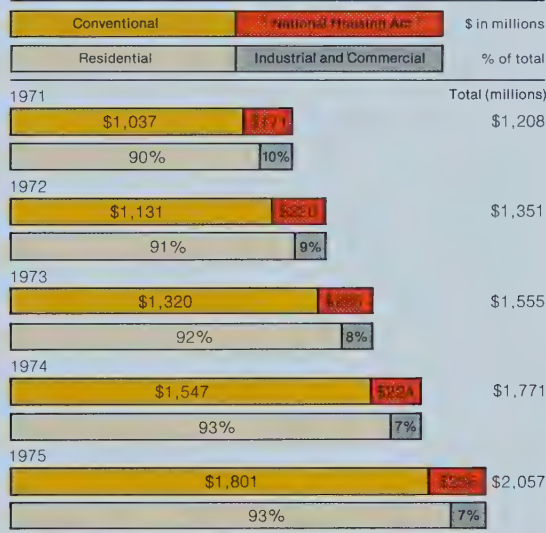
Real estate acquired in settlement of loans increased to \$685,000 from nil at December 31st, 1974. No loss is anticipated on sale or disposal of this real estate.

Mortgage borrowers, whose loans were due for renewal, were offered, commencing in April, a selection of a one

to five year term mortgage loan. Customer response has been significant with approximately \$17 million of mortgage loans renewed with terms less than five years and with particular emphasis on one and three year terms.

In addition, a similar plan was offered to new mortgage customers with new loans written for terms less than five years totalling approximately \$90 million. Some commercial and industrial loans were written with interest rates tied to a set differential above an index such as an average of five year guaranteed investment certificate rates of selected major trust companies. This permits fluctuation of the interest rate during the term of the mortgage loan.

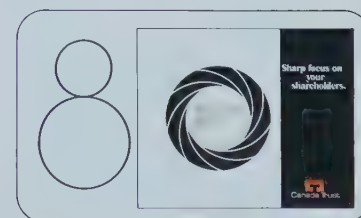
Mortgage Loans



Conversion to an expanded and more sophisticated computer mortgage system was successfully completed in April. This new system provides improved customer service, increased capacity for future growth and enhanced production of management information.

Loans Services — Our consumer and personal loans portfolio continued to grow at a steady rate through 1975. Advances on 23,000 loans represented volumes in

Report To Shareholders



Report To Shareholders

excess of \$51 million. The portfolio now stands at \$56 million, an increase of \$15 million, or 36% over 1974. Losses continue to hold at an acceptable level of 0.19% of average portfolio for the year.

Our major emphasis during 1975 involved computerization of our total loans system. Loans numbering 28,000 were converted to an automated system.

We introduced a new interim bridge finance loan service during the year to assist those clients requiring short term financing when involved in home purchases. It will also complement our real estate service.

We now have in place a full range of consumer oriented loan services and an automated accounting system. We look forward to continued sound growth and another successful year in this area.

Real Estate Services — Despite general economic uncertainty which prevailed, the real estate market remained buoyant throughout 1975. Our coast-to-coast real estate operations experienced excellent growth during the year with commissions earned totalling \$11 million, an increase of 37% over 1974.

On a selective basis, we continued to expand and improve our national real estate sales office network. New offices were opened in Burnaby, Nanaimo, Vancouver and Ottawa, bringing the total to 48, of which 21 are located in premises apart from our branch network. A corresponding growth took place in the sales force, now 460, an increase of 25% over last year. The size and geographic distribution of the operation dictated a need for improved control and more accessible technical management capability. During 1975, three regional real estate specialists were appointed who provide a strong base for accelerated growth in volumes and profits.

Property management services are available in most major centres. Fees from this service amounted to \$343,000 in 1975, an increase of 13% over the previous year. Late in the year, a marketing campaign was introduced to generate new business volumes, the thrust being directed to owners of larger rental projects and condominiums.

Branches and Premises — Three new branches were opened - Winnipeg Unicity, Elgin Mall in St. Thomas, and a branch with drive-in facilities in London at Hutton and Sherwood.

Two branches were relocated within existing enlarged shopping centres to take advantage of superior locations

and to provide the branches with expanded floor areas - Fairview Park in Kitchener and Pen Centre in St. Catharines.

Elmira branch underwent expansion, more than doubling the previous building area and providing a completely modernized interior.

Property was purchased adjoining the Westtown Shopping Centre in London for future expansion of the London branch network into that area. Buildings accommodating our Brandon and Red Deer branches were purchased with transaction completions scheduled for 1976. Finally, property was purchased in Chatham in January, 1976, with a view to relocating our downtown branch.

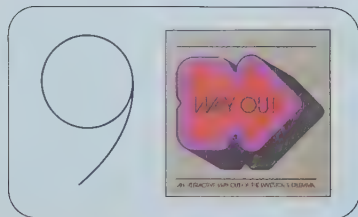
Several branches underwent renovations to incorporate additional ground floor space - Shoppers' World in Toronto, Waterloo University, Calgary Market Mall, Chatham Main and Windsor Main.

PERSONAL TRUST SERVICES

Continued growth in assets under administration was evidenced during 1975. Total book value of assets administered rose by some \$58 million to \$1,332 million. Fees and commissions amounted to \$6.7 million, an increase of 8%. Studies on costing, staffing and pricing, undertaken in 1974, are providing some results in helping to control increasing costs. In addition, a fee increase in the third quarter of 1975 for estate administration in Ontario should help arrest the decline in profit margin of this service. Full impact of fee increases and cost controls should be seen in results for 1976, although the margin of profit in this segment of our business will continue to be extremely small.

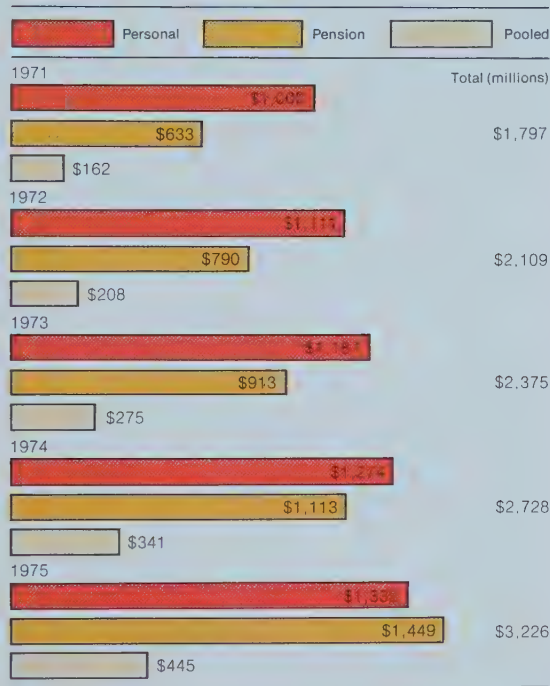
Estate Planning Services — Our will plan preparation system was computerized and successfully introduced last year. It involves preparation of wills by the client's solicitor and is producing fine results. Canada Trust received \$302 million in estimated value of new will appointments this past year with an average value of \$318,000.

Client records have now been placed on computer. In 1976, special attention will be given to updating and expanding information contained on the computer through an intensive program of client contact. Having this additional information on file will enable our Estate Planning Consultants to provide clients with a more comprehensive financial planning service in the future.



Tax Services — Growing tax law complexity and the resulting difficulty for many Canadian taxpayers in preparing their own income tax returns led us to introduce a personal income tax preparation service in 1973. Since that time the number of taxpayers using our service has grown to 17,000, with volume and revenue increasing 62% over 1974. This service has added a significant number of new clients to our customer base.

Personal, Pension and Pooled Trust Funds



A comprehensive internal training program has augmented specialized tax knowledge in our personal trust operation and increased the general level of income tax expertise available to all our customers.

It became evident during 1975 that our present branch network and staff complement would have difficulty coping with the volume of returns projected for 1976. Therefore, on a trial basis, we intend to establish ten

satellite branches in the Hamilton metropolitan area solely to serve income tax clients.

Income averaging contracts, first offered in 1973 as a tax deferral investment vehicle for those taxpayers with qualifying income, have continued to find wide acceptance in the marketplace. At year-end, outstanding balances on income averaging contracts were over \$22 million and we anticipate that by the end of 1976 we will be approaching \$50 million. Since the up-to 15 year terms on these contracts exceed our normal one to five year terms, it gives us the ability to invest in some longer term investments.

PENSION AND CORPORATE SERVICES

Pension Trust Services — Pension trust operations continued to produce favourable growth patterns. Assets administered climbed by over \$336 million and revenue increased by \$300,000. Improved client contact through decentralization is proceeding ahead of schedule. During the year we acquired 75 new appointments, as compared with 65 last year, and now manage over 900 pension trusts for clients, large and small.

Corporate Trust Services — The number of new stock transfer, registrar and bond trustee appointments was comparable to 1974. Stock transfer earnings continued to be contained by reduced activity resulting from lower stock exchange trading volumes.

FINANCE

Corporate Investments — During the past year, opportunities arose to increase our holdings of preferred stocks with redemption privileges or sizeable sinking or purchase funds and of income debentures issued by large Canadian corporations to \$48 million and \$25 million respectively. Attractive yields result from these investments as dividends and interest received are not subject to income tax in our hands. In addition, we participated as a member of a syndicate with other financial institutions in the purchase from Air Canada of a Lockheed TriStar aircraft which is leased back to the airline. We now hold partial ownership of three aircraft leased to Air Canada, the investment in which totals \$15 million.

Corporate investments on the statement of condition include cash and cashable term deposits of \$153 million and Canada bonds of \$113 million which are principal components, in addition to repayments on loans, of our liquid position. Cashable term deposits provide an

Report To Shareholders

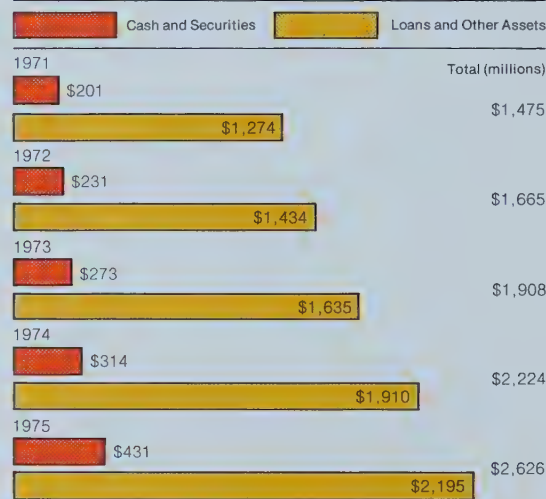
10



excellent rate of return and are repayable on demand. Our Canada bond portfolio includes \$96 million or 85% maturing within three years and the average term of the total portfolio was one year, nine months at year-end.

Last year mention was made of the emphasis being placed upon a closer matching of deposit liabilities and investment maturities. From a practical standpoint this process is an evolving one and can only be accomplished over a period of time. During the year we have attracted a higher proportion of five year term deposit business which has served to better match our five year term mortgage volume. In addition, as reviewed in the Client Services section of this report, we introduced mortgages with terms of less than five years to increase investments of shorter term in order to offset demand and short term deposits.

Asset Mix



In October we increased our preferred share investment in RoyNat Ltd., in which we continue to maintain a 10% common equity interest. Also, by invitation, we acquired an equity interest in Private Investment Company for Asia (PICA) S.A. being the only Canadian trust company shareholder in this major consortium of international banks and commercial and industrial corporations.

Stocks — Special Category

- Canadian American Finance S.A.
 - Luxembourg and London, England
 - International banking through subsidiary Canadian American Bank S.A.
 - Partners are Northwest Bancorporation of Minneapolis, Minnesota and Southeast Banking Corporation of Miami, Florida
- Canadian Venture Capital Corporation (1974) Limited
 - Supplies capital to young and growing Canadian businesses
- City Centre (London) Ltd.
 - Owns major office and shopping complex in London, Ontario in which new Canada Trust head office tower located
- Duncanbrook Properties Limited
 - Real estate development company
 - Owns office building leased to multi-national company, and adjacent lands planned for further prestige office development in Don Mills area of Metropolitan Toronto
- Esquire Park Centre Limited
 - Owns small shopping plaza in Metro Toronto
- Hastings West Investment Ltd.
 - Management holding company in British Columbia
 - Investments in real estate, shipping, mortgage lending, insurance
- Insmor Holdings Limited
 - Insurer of Canadian mortgages beyond 75% loan-to-value ratio
- Oxford Development Group Ltd.
 - Oxford Properties U.S. Ltd.
 - Major real estate development companies with investments in Canada and United States
- Private Investment Company for Asia (PICA) S.A.
 - Consortium of major corporations in banking, insurance and industry from Europe, Australia, New Zealand, Japan, Canada and the United States
 - Provides development financing to developing areas of Asia
- RoyNat Ltd.
 - Provides financing for small and medium sized Canadian businesses
 - Leasing of equipment

Further detail will be found under Note 4 of the Consolidated Financial Statements

Trust Investments — The downturn which gripped the North American economies through 1974 appeared to be reaching a trough by mid-1975. In magnitude this recession represented the most severe economic contraction of the postwar period. In spite of this slack economic environment, inflation rates failed to respond favourably, especially in the Canadian context. This potentially dangerous situation finally triggered action by the Federal Government and the current wage-price control program was introduced in October.



In anticipation of an improving economic environment by late 1975 and into 1976, a program of moderately increasing equity content of pension trust accounts was undertaken early in 1975. By year-end such content had been increased from the 40% range of late 1974 to approximately 45 - 50%. In addition, increased emphasis was placed on mortgage investments with most accounts approaching the 20% level by year-end. Increases in both equity and mortgage content were largely achieved through reinvestment of cash reserves which were generated in 1974 and maintained through the weak capital market environment of that year.

During 1975, the Investment Division continued to respond to specific requirements of pension trusts under its management direction. A program of setting investment objectives tailored to the unique requirements of various accounts was actively pursued. Improved communications between clients and portfolio managers result from this process which will also aid our clients to better assess performance from the investment management of their assets.

ADMINISTRATIVE SERVICES

Data Processing — As dictated by our expansion plans, a new dimension will be added to our data processing capability in September, 1976, by installation of a more powerful and sophisticated computer, the IBM 370/158.

This computer will allow us to process an ever-increasing volume of business in an enlarging branch network for an expanding number of business applications. It will also allow us to test IBM's new financial terminals, the 3600 series. These terminals will be introduced into our Unibranch on-line system in 1977, giving us an enhanced savings system and improved service to our clients while at the same time reducing our telecommunications costs.

The 370/158 will also allow us to support additional terminal-based systems for other services such as mortgages and trust. In 1976 cathode ray terminals will be introduced into selected branches as a component in our restructured mortgage system. These terminals will make the power of the computer available to personnel at branch level. Productivity improvement should more than offset costs associated with these terminals.

PERSONNEL SERVICES

Systems design and programming were completed in 1975 for a fully computerized personnel system to provide a high degree of efficiency and greatly expanded

capabilities in dealing with matters pertinent to our staff. Extensive training programs were provided to personnel throughout the Company introducing the merits and techniques of the new system that became operative in January, 1976.

The Personnel Planning Department designed and introduced a career planning publication to provide assistance to management and employees in counselling and decision-making associated with selecting career paths most compatible with each individual's experience, knowledge and skills.

In 1975, the training centre in Head Office, which includes an audio-visual production and presentation area, was completed. Company personnel are provided with specialized facilities to support a wide variety of communication and training programs.

The job evaluation program introduced in the previous year has been expanded to measure the relative complexity of specialist and supervisory positions throughout the Company. This analysis has been fully integrated into the 1976 salary administration program to provide salary ranges that are competitive with salaries in a broad range of Canadian industry, commerce and finance.

The continued emphasis on productivity improvement, aided by development and use of models by staff and line management, yielded a productivity increase of 9% in 1975 over 1974. This increase and the 8.5% increase in the previous year compare most favourably with the average level of productivity gain of 2% for these years in Canada as a whole.

The effective utilization by management of these and other programs relating to employees is evidenced by validated statistics indicating our turnover of staff was once again the lowest of any major company in the trust industry.

MARKETING SERVICES

During 1975, four major marketing programs were conducted in support of retail services at our branches - registered retirement savings plans, registered home ownership plans, personal income tax returns and personal loans. The concept for each of these campaigns was developed to reach specific consumer groups who have been identified, through marketing research, as the most viable prospects for these services. Each enjoyed success achieving specific goals set in advance as to number of accounts and dollar objectives. Of significant impact is the number of new

Report To Shareholders

12



accounts generated from people who have not done business with us in the past. The addition of these customers augurs well for future business in all areas as they become exposed to our full range of services.

In addition, several communication programs were directed to the business community in support of our corporate and pension trust services, including a film presentation which outlines our expertise in the investment of pension funds.

During the year, Marketing Research continued to gauge attitudes and awareness of the public to our Company and its communication programs to ensure we continue to build a positive image. This research is also making a major contribution in building individual marketing plans for our branches in serving communities in which they are located.

Across Canada, both Federal and Provincial governments are introducing new legislation in the area of consumer marketing. Our management is working closely with governmental agencies both in contributing to the content and ensuring our programs are within the spirit of resultant legislation.

ORGANIZATION

A number of senior management appointments were announced during the year. Mr. Jack H. Speake became Senior Vice-President - Client Services upon assumption of broadened responsibilities. All Head Office groups except Finance, Marketing Services and Personnel Services now report to Mr. Speake, thereby ensuring co-ordination of support for regional and branch sales efforts, facilitating the planning, design and introduction of new products, as well as sharing responsibility with Marketing Services for development of appropriate strategies.

The Client Services group was consolidated into four divisions, each reporting to Mr. Speake. Mr. B. Eric Minns, F.C.A., rejoined the Company as Vice-President - Savings Services; Gwyn E. Williams was appointed Vice-President - Loans and Real Estate Services; John D. Richardson, C.A., became Assistant Vice-President - Personal Trust Services and Philip A. Heiland, Assistant Vice-President - Pension and Corporate Services.

Mr. Peter C. Maurice was appointed Vice-President - London Main Branch. Mr. W. James Blowers became Assistant Vice-President - Investments. Effective February 1, 1976, Herbert N. Seath rejoins the Company as Vice-President - Finance.

PLANNING

Considerable effort over the past several years has been devoted to creation of an effective planning environment at Canada Trust. This program stresses relevance to the present and to participation and delegation rather than undue formalism. We believe this approach has borne fruit in that planning has matured to the point where longer-range strategic plans have an identifiable impact on day-to-day operations.

THE YEAR AHEAD

A resumption of modest real growth is in prospect for the Canadian economy in 1976. The Government of Canada's "Attack on Inflation" should slow the inflation rate to just under double digit levels. Unemployment will likely remain high. With inflation clearly our major problem, monetary policy will undoubtedly, and quite correctly, favour restraint in growth of money supply. Interest rates seem destined to remain close to current high levels.

Within the constraints of Federal prices and incomes policy a worthwhile improvement in net earnings in 1976 appears capable of achievement.

Chairman of the Board
and of the Executive
Committee

President and Chief
Executive Officer

Executive Vice-President

London, Ontario, January 23, 1976

13

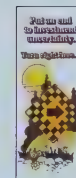


CONSOLIDATED STATEMENT OF EARNINGS, year ended December 31

			% Increase (Decrease)
	1975	1974	
Income			
Investment			
Cashable term deposits	\$ 11,150,000	\$ 7,976,000	40
Bonds	12,745,000	9,565,000	33
Stocks	4,451,000	2,057,000	116
Mortgages	180,642,000	153,652,000	18
Consumer and personal loans	6,356,000	4,741,000	34
Trust advances and other secured loans	3,770,000	3,231,000	17
Aircraft ownership certificates	870,000	124,000	602
	<u>219,984,000</u>	<u>181,346,000</u>	21
Fees and commissions			
Personal trust	7,532,000	6,830,000	10
Pension and pooled trust funds	5,659,000	4,513,000	25
Corporate trust	1,743,000	1,808,000	(4)
Real estate sales	11,070,000	8,106,000	37
	<u>26,004,000</u>	<u>21,257,000</u>	22
Other	5,102,000	4,592,000	11
	<u>251,090,000</u>	<u>207,195,000</u>	21
Expense			
Interest on deposits			
Demand	33,379,000	32,160,000	4
Cashable term	4,919,000	9,618,000	(49)
Term	136,707,000	106,260,000	29
	<u>175,005,000</u>	<u>148,038,000</u>	18
Salaries	24,167,000	20,421,000	18
Pension and other employee benefits <i>note 9</i>	2,529,000	1,859,000	36
Real estate commissions	7,666,000	5,536,000	38
Net occupancy and equipment <i>note 5</i>	6,936,000	5,104,000	36
Marketing	2,448,000	1,944,000	26
Other	8,900,000	7,695,000	16
	<u>227,651,000</u>	<u>190,597,000</u>	19
Operating earnings before income taxes	<u>23,439,000</u>	<u>16,598,000</u>	41
Income taxes			
Current	4,714,000	2,952,000	60
Provision for future	4,646,000	4,617,000	1
	<u>9,360,000</u>	<u>7,569,000</u>	24
Net earnings	<u>\$ 14,079,000</u>	<u>\$ 9,029,000</u>	56
Attributed to			
Preference shares series A	\$ 708,000	\$ 167,000	324
Preference shares series B	1,404,000		
Common shares	11,967,000	8,862,000	35
	<u>\$ 14,079,000</u>	<u>\$ 9,029,000</u>	56
Net earnings per common share	\$ 2.17	\$ 1.61	35
Net earnings per common share - fully diluted	\$ 2.14		

Financial Statements

14



	1975	1974	% Increase (Decrease)
ASSETS			
Investments			
Cash and cashable term deposits	\$ 153,135,000	\$ 125,673,000	22
Securities <i>note 4</i>			
Bonds			
Canada	113,398,000	96,890,000	17
Provincial	11,419,000	14,600,000	(22)
Municipal	1,898,000	2,704,000	(30)
Corporation	66,895,000	24,636,000	172
	<u>193,610,000</u>	<u>138,830,000</u>	39
Stocks			
Preferred	51,484,000	23,285,000	121
Common	24,332,000	17,712,000	37
	<u>75,816,000</u>	<u>40,997,000</u>	85
Stocks - special category	8,237,000	7,843,000	5
	<u>277,663,000</u>	<u>187,670,000</u>	48
Loans			
Mortgages			
Conventional	1,801,137,000	1,546,774,000	16
National Housing Act	255,801,000	223,753,000	14
	<u>2,056,938,000</u>	<u>1,770,527,000</u>	16
Consumer and personal	56,088,000	41,376,000	36
Trust advances and other secured	38,436,000	56,305,000	(32)
	<u>2,151,462,000</u>	<u>1,868,208,000</u>	15
Aircraft ownership certificates	14,958,000	9,045,000	65
Total investments	<u>2,597,218,000</u>	<u>2,190,596,000</u>	19
Income taxes recoverable		5,801,000	(100)
Real estate acquired in settlement of loans	685,000		
Premises and equipment <i>note 5</i>	<u>28,398,000</u>	<u>27,155,000</u>	5
	<u>\$2,626,301,000</u>	<u>\$2,223,552,000</u>	18

Approved on behalf of the Board

J. ALLYN TAYLOR, Director

ARTHUR H. MINGAY, Director

15



Financial Statements

LIABILITIES	1975	1974	% Increase (Decrease)
Deposits			
Demand	\$ 668,971,000	\$ 546,493,000	22
Cashable term	81,061,000	146,556,000	(45)
Term	<u>1,733,153,000</u>	<u>1,417,781,000</u>	22
	<u>2,483,185,000</u>	<u>2,110,830,000</u>	18
Income taxes payable	1,025,000		
Mortgages	1,159,000	1,189,000	(3)
Dividends	<u>2,200,000</u>	<u>1,656,000</u>	33
	<u>4,384,000</u>	<u>2,845,000</u>	54
Provision for future income taxes <i>notes 2 and 6</i>	17,956,000	21,117,000	(15)
	<u>2,505,525,000</u>	<u>2,134,792,000</u>	17
SHAREHOLDERS' EQUITY			
Capital stock <i>note 3</i>			
Preference shares	37,606,000	8,500,000	342
Common shares	<u>11,042,000</u>	<u>11,042,000</u>	
	48,648,000	19,542,000	149
Contributed surplus	23,880,000	23,880,000	
Retained earnings	<u>48,248,000</u>	<u>45,338,000</u>	6
	<u>120,776,000</u>	<u>88,760,000</u>	36
	<u>\$2,626,301,000</u>	<u>\$2,223,552,000</u>	18



	1975	1974
Balance at beginning of year	\$45,338,000	\$43,200,000
Net earnings	<u>14,079,000</u>	<u>9,029,000</u>
	<u>59,417,000</u>	<u>52,229,000</u>
Dividends on		
Preference shares series A - \$1.75 (1974-\$0.32) per share	711,000	137,000
Preference shares series B - \$0.94 per share	1,404,000	
Common shares - Class A - \$1.20 per share	<u>6,625,000</u>	<u>6,625,000</u>
	<u>8,740,000</u>	<u>6,762,000</u>
Transfer to allowance for investment losses <i>note 2(a)</i>	1,561,000	
Expenses, net of income taxes, incurred on		
Issue of preference shares series B <i>note 3 (b) (ii)</i>	868,000	
Issue of preference shares series A and recapitalization		129,000
	<u>11,169,000</u>	<u>6,891,000</u>
Balance at end of year	<u>\$48,248,000</u>	<u>\$45,338,000</u>

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS, year ended December 31, 1975

1. Summary of Significant Accounting Policies

The consolidated financial statements have been prepared in accordance with generally accepted accounting principles. A description of accounting policies of particular significance is as follows:

(a) Consolidation

The financial statements include the accounts of The Huron and Erie Mortgage Corporation and its subsidiary companies, The Canada Trust Company, Truscan Realty Limited and Truscan Realty (Kitchener) Ltd.

(b) Investments

Investments, reduced by an allowance for investment losses where applicable (see note 2(a)), and investment income are stated as follows:

(i) Securities

Bonds are stated at amortized cost plus accrued interest and stocks are stated at cost plus accrued dividends. On preferred stock holdings of \$1,000,000 or greater, dividends which have record dates prior to the year end are accrued on a daily basis from the last payment date to the year end. Dividends from all other stocks are recorded as income when received.

(ii) Loans

Mortgages are stated at cost, which includes amounts advanced, interest capitalized and accrued, taxes and other charges, less repayments and unamortized prepayments of mortgage interest. Interest income is accrued on a daily basis, except for any prepayments of mortgage interest which are amortized over the remaining term of the loan using the sum-of-digits method. Consumer and personal loans are stated at amounts repayable less unearned income. Interest is determined using the sum-of-digits method.

(iii) Aircraft ownership certificates, representing the companies' share of ownership of aircraft leased to Air Canada, are stated at amortized cost plus accrued interest from the last payment date

The companies record an allowance for investment losses, which is deducted from the applicable investment on the consolidated statement of condition. This allowance recognizes the historical trend of investment losses and existing

economic conditions. The current year's provision for investment losses is included in other expense and is based on both the historical five year (including the current year) moving average ratio of losses to average investments and other factors which in management's judgement deserve recognition. Net gains or losses realized on investments in the current year are recorded in this allowance. See note 2(a).

(c) Premises and Equipment

Premises and equipment are stated at cost less accumulated depreciation and amortization. Depreciation is provided on the straight-line basis over the estimated useful life of each asset at annual rates as follows:

Buildings	2½%
Equipment	10
Automobiles	20

Amortization of leasehold improvements is provided on the straight-line basis over the term of each lease plus the first renewal option.

(d) Income Taxes

The companies recognize certain items of income and expense in time periods different for financial reporting than for income tax purposes. Full provision for income taxes is made in the consolidated statement of earnings using the tax allocation method, whereby income taxes related to the following significant timing differences are included in the provision for future income taxes:

- (i) claiming capital cost allowances in excess of depreciation recorded in the accounts.
- (ii) claiming an allowance for losses on loans of the companies and on bonds held in the guaranteed account of The Canada Trust Company in excess of the allowance for investment losses recorded in the accounts.
- (iii) recording prepayments of mortgage interest in the year of maturity of the applicable mortgage loans as opposed to the amortized amount of prepayment reported in income as explained in note 1(b) (ii).

17

All you need
to know
about the
Canada Trust
Home
Ownership
Savings Plan.



(e) Personal Trust Services

Fees and commissions from personal trust services are recorded as income when received.

(f) Pension Plan

The companies have a contributory pension plan which is available to substantially all employees after six months continuous service. Unfunded liabilities including experience deficiencies, as determined by actuarial valuation, are funded by annual payments which are charged to operations over periods recommended by the actuaries.

The cost of funding current service pension benefits is expensed as incurred.

(g) Net Earnings per Common Share

Net earnings per common share are calculated using the number of common shares outstanding, and are after the dividend requirement on all preference shares outstanding. Net earnings per common share - fully diluted are calculated on the assumption that all preference shares series B outstanding at the end of the year were converted to common shares at date of issue, May 9, 1975, and are after the dividend requirement on preference shares series A.

(h) Reclassification of Comparative Figures

The 1974 comparative figures have been reclassified to conform with the financial statement presentation adopted for 1975.

2. Changes in Accounting Practice

(a) Allowance for Investment Losses

In 1975, the companies established an allowance for investment losses as explained in note 1(b). The initial provision included in the allowance recognizes changes in valuation of investments not related to current year's operation. As a result, the timing difference related to the recognition of losses claimed for income tax purposes and recorded for book purposes has been reduced. Accordingly, the change in the allowance for investment losses is summarized, in thousands, as follows:

Initial provision		
Transfer from retained earnings	\$ 1,561	
Reduction of provision for future income taxes	1,561	
	<u>3,122</u>	
Current provision for losses charged to other expense		539
Investment gains (losses)		
Securities, net of income taxes	\$ 18	
Loans, net of recoveries	(88)	(70)
Balance at end of year	<u>\$ 3,591</u>	

(b) Prepayment of Mortgage Interest

In 1975, the companies adopted the practice of amortizing prepayments of mortgage interest. In 1974, such prepayments were not material and were recorded as income when received.

The net effect of these changes is to reduce net earnings for 1975, in thousands, as follows:

Allowance for investment losses	\$ 243
Prepayment of mortgage interest	<u>471</u>
	<u>\$ 714</u>

This amount is equivalent to 13¢ per common share basic or 11¢ per common share-fully diluted.

3. Capital Stock

(a) Authorized

Of the 425,000 cumulative redeemable preference shares series A outstanding at December 31, 1974, 44,720 were purchased in July 1975 for cancellation under the terms of the issue, thereby reducing both authorized and issued preference share capital.

In September 1975, the corporation obtained supplementary letters patent which:

- (i) created an additional 10,000,000 common shares of \$2 par value each.
- (ii) designated the resulting 20,000,000 common shares of \$2 par value each as 20,000,000 Class A convertible common shares of \$2 par value each.
- (iii) created 20,000,000 Class B convertible common shares of \$2 par value each.

At December 31, 1975, the authorized capital stock of the corporation is as follows:

4,955,280 cumulative redeemable preference shares of \$20 par value each, issuable in series,
20,000,000 Class A convertible common shares of \$2 par value each.
20,000,000 Class B convertible common shares of \$2 par value each.

As Class A and Class B common shares are freely convertible one into the other at any time at the option of the holder, the maximum number of common shares that may be issued is 20,000,000 shares, of which 1,111,111 shares have been reserved for conversion rights attached to preference shares series B. Class A and Class B common shares rank equally in all respects except as to dividends. Dividends paid on Class A common shares are taxable dividends for purposes of the Income Tax Act. On Class B common shares dividends may be paid out of 1971 tax-paid undistributed surplus on hand, as defined in the Income Tax Act. Such dividends are free of immediate income tax in the hands of the recipients, but reduce the adjusted cost base of the applicable shares. Dividends so declared equal, per share, 85% of the dividends per Class A common shares, reflecting the 15% tax paid by the corporation necessary to create tax-paid undistributed surplus on hand.

As at December 31, 1975 the corporation has approximately \$26,500,000 of retained earnings which will be available for future payment of dividends out of tax-paid undistributed surplus on hand after payment of a 15% tax by the corporation.

(b) Issued and Fully Paid

(i) Preference Shares Series A

The 834 cumulative redeemable preference shares series A are subject to certain conditions, including the following:

(a) Purchase Fund

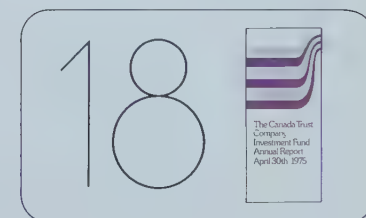
The corporation, annually during the years 1975 to 1984, is obligated to offer to purchase for cancellation at a price equal to par value plus accrued dividends, the lesser of 50,000 preference shares series A or the number of shares which can be purchased by 10% of the consolidated net earnings of the prior year. After 1984, the corporation is obligated annually to offer to purchase for cancellation the lesser of 5% of the number of preference shares series A outstanding at the beginning of the year or the number of shares which can be purchased by 10% of the consolidated net earnings of the prior year. Any purchase is subject to the prior consent of the Superintendent of Insurance (Canada) and the directors of the corporation.

(b) Redemption

The corporation may not redeem all or any part of the preference shares series A outstanding prior to September 15, 1979. At any time thereafter, the corporation may upon giving notice, and subject also to the prior consent of the Superintendent of Insurance (Canada), redeem all or any part of the preference shares series A outstanding at the following redemption prices, together with dividends accrued:

If redeemed in the three years ended September 15	Redemption price
1982	\$21.40
1985	21.20
1988	21.00
1991	20.80
1994	20.60
thereafter	20.40

Financial Statements



Financial Statements

(ii) Preference Shares Series B

In May 1975, 1,500,000 7¼% cumulative redeemable convertible preference shares series B were issued for cash at par for a net consideration of \$29,132,000 after payment of underwriting, legal and other expenses, net of income taxes, of \$868,000. These shares are subject to certain conditions, including the following:

(a) Conversion

The preference shares series B are convertible into common shares at the option of the holder at a conversion price of \$27 per common share at any time on or prior to May 31, 1985, or at any time on or prior to the tenth day prior to the date specified for redemption of such shares, whichever is earlier.

(b) Redemption and Purchase for Cancellation

The corporation may not redeem all or any part of the preference shares series B outstanding prior to June 1, 1978, but such shares may be purchased for cancellation prior to June 1, 1978, subject to the prior consent of the Superintendent of Insurance (Canada), at a price not exceeding \$21.45 per share, together with dividends accrued. At any time thereafter, subject to the condition that the preference shares series B may only be redeemed after May 31, 1978 and prior to June 1, 1980 if the market price of the common shares exceeds \$33.75 in a specified time period prior to such redemption, the corporation may upon giving notice, and subject also to the prior consent of the Superintendent of Insurance (Canada), redeem or purchase for cancellation all or any part of the preference shares series B outstanding at the following redemption prices, together with dividends accrued:

If redeemed in the year ended June 1	Redemption price
1979	\$21.015
1980	20.870
1981	20.725
1982	20.580
1983	20.435
1984	20.290
1985	20.145
thereafter	20.000

(c) Purchase Fund

A purchase fund shall be established in 1981 and subsequent years. The amount thereof will not exceed \$900,000 in 1981 and \$1,800,000 in subsequent years, which funds may be applied by the corporation to purchase for cancellation in the open market preference shares series B at a price not exceeding the par value thereof plus the costs of purchase.

(iii) Issued capital stock at December 31 is summarized as follows:

	1975		1974	
	Number of shares	Amount	Number of shares	Amount
Preference shares				
Series A	380,280	\$ 7,606,000	425,000	\$ 8,500,000
Series B	1,500,000	30,000,000		
	<u>1,880,280</u>	<u>\$37,606,000</u>	<u>425,000</u>	<u>\$ 8,500,000</u>
Common shares				
Class A convertible	5,521,088	\$11,042,000	5,521,088	\$11,042,000
Class B convertible				
	<u>5,521,088</u>	<u>\$11,042,000</u>	<u>5,521,088</u>	<u>\$11,042,000</u>

4. Securities

Stated and market values, in thousands, at December 31, are:

	1975		1974	
	Stated	Market	Stated	Market
Bonds				
Canada	\$113,398	\$111,617	\$ 96,890	\$ 96,716
Provincial	11,419	9,945	14,600	13,245
Municipal	1,898	1,761	2,704	2,419
Corporation	66,895	65,231	24,636	21,487
	<u>\$193,610</u>	<u>\$188,554</u>	<u>\$138,830</u>	<u>\$133,867</u>
Stocks				
Preferred	\$ 51,484	\$ 50,400	\$ 23,285	\$ 21,995
Common	24,332	30,170	17,712	21,827
	<u>\$ 75,816</u>	<u>\$ 80,570</u>	<u>\$ 40,997</u>	<u>\$ 43,822</u>

Included in preferred stocks recorded above are holdings of \$1,000,000 or greater, and accrued dividends which, in thousands, at December 31, are:

	1975	1974
Preferred stock holdings of \$1,000,000 or greater, upon which dividends were accrued	\$ 30,018	\$ 13,000
Accrued dividends	567	229

Percentage of common share equity, and cost, in thousands, of stocks-special category, at December 31, are:

	Percentage of common share equity		Cost	
	1975	1974	1975	1974
Canadian American Finance S.A.	30%	30%	\$1,611	\$1,611
Canadian Venture Capital Corporation (1974) Limited	11	11	50	50
City Centre (London) Ltd.	10	10	1	1
Duncanbrook Properties Limited	30	30		
Esquire Park Centre Limited	25	25		
Hastings West Investment Ltd.	10	10	751	751
Insomr Holdings Limited	16	15	2,289	2,101
Oxford Development Group Ltd.	8	10	2,220	2,220
Oxford Properties U.S. Ltd.	9	9	9	9
Private Investment Company for Asia S.A.	1		206	
RoyNat Ltd.	10	10	1,100	1,100
			<u>\$8,237</u>	<u>\$7,843</u>

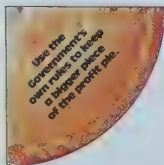
The realizable value of these stocks in total is estimated to exceed cost.

5. Premises and Equipment

(a) Cost and net depreciated values, in thousands, at December 31, are:

	1975		1974	
	Cost	Accumulated depreciation & amortization	Net	Net
Land	\$ 4,650	\$	\$ 4,650	\$ 4,406
Land held for development	1,150		1,150	866
Buildings	24,909	8,574	16,335	16,498
Leasehold improvements	3,640	1,036	2,604	1,979
Equipment	9,672	6,103	3,569	3,357
Automobiles	128	38	90	49
	<u>\$44,149</u>	<u>\$15,751</u>	<u>\$28,398</u>	<u>\$27,155</u>

19



(b) Net occupancy and equipment expense, in thousands, is summarized as follows:

	1975	1974
Occupancy		
Rent	\$2,390	\$1,443
Maintenance	3,749	2,774
Depreciation and amortization	797	701
	6,936	4,918
Rental income	2,314	1,703
	4,622	3,215
Equipment		
Rent	1,375	1,038
Maintenance	254	223
Depreciation	685	628
	2,314	1,889
	<u>\$6,936</u>	<u>\$5,104</u>

(c) The aggregate minimum rentals payable under premises and equipment leases in effect at December 31, 1975, in thousands, are as follows for each of the periods shown:

	Premises	Equipment	Total
1976-1980	\$12,895	\$ 399	\$13,294
1981-1985	10,732		10,732
1986-1990	7,529		7,529
thereafter	7,791		7,791

6. Provision for Future Income Taxes

The provision for future income taxes at December 31, 1974, included \$6,009,000 relative to the accrued interest income timing difference. In the November 1974 budget, the Department of Finance of the Government of Canada indicated its intention to amend the Income Tax Act, thereby requiring financial institutions to report earnings for income tax purposes on the accrual basis effective in the 1975 taxation year. The enactment of this legislation during 1975 gave rise to a reduction of \$6,009,000 in the provision for future income taxes and a corresponding increase in current income taxes payable.

7. Mortgage Commitments

Outstanding commitments for future advances, in thousands, at December 31 amount to:

	1975	1974
	\$269,978	\$129,457

8. Guaranteed Trust Deposits

Consolidated assets held to secure guaranteed trust deposits of The Canada Trust Company, in thousands, at December 31, are:

	1975	1974
	\$1,352,331	\$1,111,739

9. Pension Plan

The latest actuarial valuation of the plan as at June 30, 1975 indicated an unfunded liability of \$1,198,000, an experience deficiency of \$2,405,000 and by subsequent actuarial amendment an additional unfunded liability of \$65,000. These liabilities arise from the merging of pension plans of companies acquired, improvements in pension benefits of retired employees and increased costs occasioned by increased entitlements and higher salary levels than expected for active participating employees. On the actuaries' recommendation these liabilities are being funded by annual payments, in thousands, as follows:

	Annual payment
1976-1977	\$700
1978-1980	649
1981-1989	123
1990	9

10. Remuneration of Directors and Senior Officers

The aggregate direct remuneration paid or payable by the companies to directors and senior officers of the corporation is \$918,000 for 1975 and \$830,000 for 1974.

11. Anti-Inflation Act

The companies are subject to the Anti-Inflation Act, which provides as from October 14, 1975, for restraint on profit margins, compensation to employees and dividends to shareholders. Under this Act, dividends on common shares of the corporation for the twelve months to October 13, 1976 cannot exceed the present annual rate of \$1.20 per share.

AUDITORS' REPORT

To the Shareholders of
The Huron and Erie Mortgage Corporation

We have examined the consolidated statement of condition of The Huron and Erie Mortgage Corporation and its subsidiaries as at December 31, 1975 and the consolidated statements of earnings and retained earnings for the year then ended. Our examination included a general review of the accounting procedures and such tests of accounting records and other supporting evidence as we considered necessary in the circumstances.

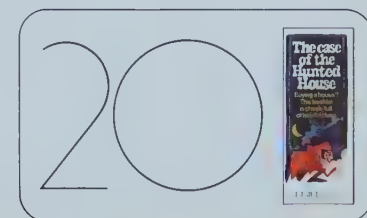
In our opinion these consolidated financial statements present fairly the financial position of the companies as at December 31, 1975 and the results of their operations for the year then ended, in accordance with generally accepted accounting principles which, except for the changes in accounting practice referred to in Note 2 to the consolidated financial statements, with which changes we concur, have been applied on a basis consistent with that of the preceding year.

January 20, 1976
London, Ontario

Thorne Riddell & Co.
Chartered Accountants

Financial Statements

Auditors' Report



Fourth Quarter Earnings

FOURTH QUARTER CONSOLIDATED STATEMENT OF EARNINGS, three months ended December 31 (Unaudited)

	1975	1974	% Increase (Decrease)
Income			
Investment			
Cashable term deposits and securities	\$ 8,226,000	\$ 5,987,000	37
Loans and other	<u>51,691,000</u>	<u>43,523,000</u>	19
	<u>59,917,000</u>	<u>49,510,000</u>	21
Fees and commissions			
Personal trust	1,833,000	1,669,000	10
Pension and pooled trust funds	954,000	696,000	37
Corporate trust	517,000	523,000	(1)
Real estate sales	<u>3,429,000</u>	<u>1,894,000</u>	81
	<u>6,733,000</u>	<u>4,782,000</u>	41
Other	<u>1,885,000</u>	<u>2,094,000</u>	(10)
	<u>68,535,000</u>	<u>56,386,000</u>	22
Expense			
Interest on deposits	47,436,000	41,474,000	14
Salaries, pension and other employee benefits	6,750,000	5,652,000	19
Real estate commissions	2,439,000	1,394,000	75
Net occupancy and equipment	1,826,000	1,390,000	31
Marketing	560,000	430,000	30
Other	<u>2,990,000</u>	<u>2,107,000</u>	42
	<u>62,001,000</u>	<u>52,447,000</u>	18
Operating earnings before income taxes	6,534,000	3,939,000	66
Income taxes	<u>2,276,000</u>	<u>1,832,000</u>	24
Net earnings	<u>\$ 4,258,000</u>	<u>\$ 2,107,000</u>	102
Attributed to			
Preference shares series A	\$ 166,000	\$ 167,000	(1)
Preference shares series B	544,000		
Common shares	<u>3,548,000</u>	<u>1,940,000</u>	83
	<u>\$ 4,258,000</u>	<u>\$ 2,107,000</u>	102
Net earnings per common share	65¢	36¢	83
Net earnings per common share - fully diluted	62¢		
Dividends paid per common share	30¢	30¢	

21



INCOME	1975	1974	1973	1972	1971
Income					
Investment	87.6%	87.5%	88.0%	88.6%	89.1%
Fees and commissions	10.4	10.3	10.4	9.9	9.1
Other	2.0	2.2	1.6	1.5	1.8
	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>	<u>100.0</u>
Expense					
Interest on deposits	69.7	71.5	64.7	63.4	65.6
Salaries, employee benefits and commissions	13.7	13.4	12.9	12.0	11.3
Other	7.3	7.1	7.7	8.0	7.4
	<u>90.7</u>	<u>92.0</u>	<u>85.3</u>	<u>83.4</u>	<u>84.3</u>
Operating earnings before income taxes	9.3	8.0	14.7	16.6	15.7
Income taxes	3.7	3.7	7.1	7.6	7.7
Net earnings	<u>5.6%</u>	<u>4.3%</u>	<u>7.6%</u>	<u>9.0%</u>	<u>8.0%</u>
NET EARNINGS					
To average					
Assets	.58%	.44%	.72%	.84%	.73%
Common shareholders' equity	14.64%	11.19%	17.17%	19.32%	16.84%
Per full-time employee	\$6,328	\$4,169	\$6,308	\$6,786	\$5,446
SHAREHOLDERS' EQUITY (at year end)					
To deposits	4.86%	4.20%	4.32%	4.57%	4.60%
To loans	5.61%	4.75%	4.85%	5.11%	5.14%
LOANS TO DEPOSITS (at year end)	86.63%	88.49%	89.05%	89.41%	89.48%
DEPOSIT MULTIPLE (at year end)	18.05x	19.32x	19.62x	19.54x	19.09x

MATURITIES (in thousands)

Investments

Maturity dates	Cash and cashable term deposits	Securities (1)	Mortgages (2)	Other loans and investments	December 31, 1975		December 31, 1974	
					Total	%	Total	%
On demand and within one year	\$150,899	\$ 72,476	\$ 418,183	\$ 63,909	\$ 705,467	27.2	\$ 527,206	24.1
1-2 years		35,263	372,911	14,796	422,970	16.3	357,536	16.3
2-3 years		32,142	423,969	9,576	465,687	17.9	358,617	16.4
3-4 years		21,520	387,476	4,698	413,694	15.9	364,828	16.7
4-5 years		14,783	349,251	2,905	366,939	14.1	354,901	16.2
after 5 years		33,718	87,730	13,144	134,592	5.2	151,094	6.9
stocks		63,486			63,486	2.4	30,611	1.4
accrued interest	2,236	4,275	17,418	454	24,383	1.0	45,803	2.0
	<u>\$153,135</u>	<u>\$277,663</u>	<u>\$2,056,938</u>	<u>\$109,482</u>	<u>\$2,597,218</u>	<u>100.0</u>	<u>\$2,190,596</u>	<u>100.0</u>

Deposits

Maturity dates	Demand	Cashable term	Term (2)	December 31, 1975		December 31, 1974	
				Total	%	Total	%
On demand and within one year	\$663,319	\$80,078	\$ 671,519	\$1,414,916	57.0	\$1,097,538	52.0
1-2 years			231,969	231,969	9.3	306,482	14.5
2-3 years			260,178	260,178	10.5	215,038	10.2
3-4 years			205,232	205,232	8.3	233,711	11.1
4-5 years			276,052	276,052	11.1	195,289	9.3
after 5 years			25,411	25,411	1.0	5,557	.2
accrued interest	5,652	983	62,792	69,427	2.8	57,215	2.7
	<u>\$668,971</u>	<u>\$81,061</u>	<u>\$1,733,153</u>	<u>\$2,483,185</u>	<u>100.0</u>	<u>\$2,110,830</u>	<u>100.0</u>

(1) Securities include various types of bonds and preferred and common stocks, all reflected at stated cost. Preferred stocks which have a specific redemption feature at the option of the holder are reflected in the year when the option may first be exercised.

(2) Historically, approximately 65% of term deposits are renewed at maturity. Of mortgages not fully paid on maturity, approximately 68% are extended by renewal agreement usually on the same amortization schedule adjusted for any variation in interest rates.

(3) The maturities have been adjusted to reflect anticipated principal repayments on mortgages, other loans, aircraft ownership certificates and income averaging contracts in the years they are due.

Five Year Analysis

Maturities

22



Ten Year Record

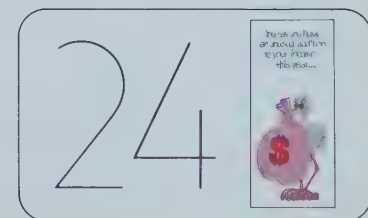
	1975	1974	1973
For the year (in thousands)			
Income			
Investment	\$ 219,984	\$ 181,346	\$ 149,793
Fees and commissions	26,004	21,257	17,747
Other	5,102	4,592	2,620
	<u>251,090</u>	<u>207,195</u>	<u>170,160</u>
Expense			
Interest on deposits	175,005	148,038	110,055
Salaries, employee benefits and commissions	34,362	27,816	22,002
Other	18,284	14,743	13,007
	<u>227,651</u>	<u>190,597</u>	<u>145,064</u>
Operating earnings before income taxes	23,439	16,598	25,096
Income taxes	9,360	7,569	12,194
Net earnings	<u>\$ 14,079</u>	<u>\$ 9,029</u>	<u>\$ 12,902</u>
At year end (in thousands)			
Assets under administration	\$5,852,000	\$4,952,000	\$4,283,000
Personal, pension and pooled trust funds	3,226,000	2,728,000	2,375,000
Deposits	2,483,000	2,111,000	1,808,000
Loans	2,151,000	1,868,000	1,610,000
Shareholders' equity	120,776	88,760	78,122
Per common share			
Net earnings			
Basic	\$ 2.17	\$ 1.61	\$ 2.34
Fully diluted	2.14		
Dividends paid	1.20	1.20	1.15
Shareholders' equity	15.06	14.54	14.15
Market price			
High	27	31 ³ / ₄	34 ¹ / ₄
Low	22	16 ¹ / ₂	26 ¹ / ₂
December 31	24 ¹ / ₂	23 ¹ / ₂	31 ³ / ₄
Price-fully diluted earnings multiple, December 31	11.4	14.6	13.6
Statistical data at year end			
Number of shares outstanding			
Preference series A	380,280	425,000	
series B	1,500,000		
Common Class A convertible	5,521,088	5,521,088	5,521,088
Class B convertible			
Percentage of shares held in Canada	99	99	98
Number of shareholders	6,309	4,612	4,654
Volume of shares traded during the year			
Preference series B	263,000		
Common Class A convertible	443,000	321,100	479,900
Number of branches and mortgage offices	96	93	87
Number of full-time employees	2,224	2,226	2,105
Number of real estate offices	48	46	42
Number of real estate sales representatives	460	368	320

23



1972	1971	1970	1969	1968	1967	1966
\$ 129,796	\$ 114,946	\$ 101,691	\$ 83,806	\$ 58,172	\$ 44,715	\$ 38,792
14,492	11,678	10,283	7,767	6,360	5,165	4,832
2,134	2,343	2,015	1,858	1,007	769	730
<u>146,422</u>	<u>128,967</u>	<u>113,989</u>	<u>93,431</u>	<u>65,539</u>	<u>50,649</u>	<u>44,354</u>
92,779	84,573	80,660	64,109	42,313	30,231	25,155
17,635	14,625	12,736	10,564	8,275	6,746	6,293
11,648	9,560	8,979	8,108	5,802	5,160	4,671
<u>122,062</u>	<u>108,758</u>	<u>102,375</u>	<u>82,781</u>	<u>56,390</u>	<u>42,137</u>	<u>36,119</u>
24,360	20,209	11,614	10,650	9,149	8,512	8,235
11,178	9,952	5,666	5,086	4,466	3,970	3,912
<u>\$ 13,182</u>	<u>\$ 10,257</u>	<u>\$ 5,948</u>	<u>\$ 5,564</u>	<u>\$ 4,683</u>	<u>\$ 4,542</u>	<u>\$ 4,323</u>
\$3,774,000	\$3,272,000	\$2,871,000	\$2,574,000	\$2,232,000	\$1,689,000	\$1,501,000
2,109,000	1,797,000	1,546,000	1,375,000	1,197,000	977,000	860,000
1,577,000	1,398,000	1,255,000	1,139,000	997,000	662,000	596,000
1,410,000	1,251,000	1,112,000	981,000	836,000	583,000	519,000
72,121	64,351	57,489	46,908	43,910	42,207	39,353
\$ 2.39	\$ 1.86	\$ 1.17	\$ 1.13	\$ 1.08	\$ 1.14	\$ 1.08
.93	.59	.53	.52	.46	.43	.40
13.06	11.66	10.41	9.55	8.94	10.55	9.84
35	26 $\frac{1}{4}$	20 $\frac{3}{8}$	18 $\frac{1}{2}$	17 $\frac{1}{4}$	11	14
24 $\frac{1}{2}$	19 $\frac{3}{4}$	14 $\frac{1}{4}$	14 $\frac{1}{2}$	9 $\frac{1}{2}$	9	8 $\frac{1}{2}$
34	24 $\frac{1}{2}$	20 $\frac{3}{8}$	16 $\frac{3}{4}$	16 $\frac{3}{4}$	9 $\frac{7}{8}$	8 $\frac{7}{8}$
14.2	13.2	17.2	14.8	15.5	8.7	8.2
5,521,088	5,521,088	5,521,088	4,911,856	4,911,856	4,000,000	4,000,000
98	98	98	98	98	98	98
4,617	4,558	4,678	4,763	4,961	3,154	3,078
422,900	458,800	560,400	538,600	711,900	190,450	196,600
82	81	82	79	78	56	53
1,986	1,899	1,868	1,795	1,692	1,266	1,247
36	23	18	16	14	10	8
245	151	116	100	90	80	70

Ten Year Record



Simplified Financial Statements

Year ended December 31
(in thousands)
1975 1974

HOW WE EARNED OUR INCOME

1. Interest from cashable term deposits and bonds held to provide cash as required and to meet government regulations	\$ 23,895	\$ 17,541
2. Dividends from shares we own in other companies	4,451	2,057
3. Interest from mortgages, advances, other secured and consumer loans held as investments	190,768	161,624
4. Income from participating with other companies in leasing airplanes to Air Canada	870	124
5. Fees and commissions from services we provided our clients in		
(a) administering the assets of		
(i) personal trust	7,532	6,830
(ii) pension and pooled trust funds	5,659	4,513
(b) transferring stocks, acting as bond trustee, disbursing dividends and interest of other companies	1,743	1,808
(c) selling residential, commercial and industrial real estate	11,070	8,106
6. Service charges, commission on sale of Canada Savings Bonds and the other services we provide	5,102	4,592
Total income earned	<u>\$251,090</u>	<u>\$207,195</u>

HOW WE USED OUR INCOME

1. Interest paid on the money our clients entrusted to us in		
(a) chequing, personal chequing, savings and registered home ownership savings accounts	\$ 33,379	\$ 32,160
(b) short term certificates cashable at any time	4,919	9,618
(c) debentures, guaranteed investment certificates, guaranteed retirement savings accounts and income averaging contracts	136,707	106,260
2. Salaries paid, including pension and other benefit costs, to our employees	26,696	22,280
3. Commissions paid to sales representatives for selling real estate	7,666	5,536
4. The cost, less rents earned, of our office space and equipment to provide our services	6,936	5,104
5. Paid for advertising, research and promotion related to marketing	2,448	1,944
6. Paid for computer, stationery and other costs required to conduct our business, and provide for possible future investment losses	8,900	7,695
7. Provided for income taxes to the Government of Canada and to the Provinces in which we operate	9,360	7,569
8. Dividends paid to our shareholders	8,740	6,762
9. Earnings retained to finance the future growth of our Company	5,339	2,267
Total income used	<u>\$251,090</u>	<u>\$207,195</u>

25

Picture
yourself
in a new
rec room!



Simplified Financial Statements

At December 31
(in thousands)
1975 1974

HOW WE OBTAINED MONEY TO INVEST

1. Held in 468,010 (427,866 in 1974) separate chequing, personal chequing, savings and registered home ownership savings accounts	\$ 668,971	\$ 546,493
2. Held in 4,360 (8,850 in 1974) certificates of deposit which mature in less than one year	81,061	146,556
3. Held in 402,969 (368,428 in 1974) debentures, guaranteed investment certificates, guaranteed retirement savings accounts and income averaging contracts	1,733,153	1,417,781
4. Other liabilities outstanding at year end which will be paid at a future date	4,384	2,845
5. Income taxes deferred to some future date	17,956	21,117
6. Money invested by shareholders to finance the operation and future growth of our Company	120,776	88,760
Total money obtained	<u>\$2,626,301</u>	<u>\$2,223,552</u>

HOW WE INVESTED THIS MONEY

1. Held in cash and invested in cashable term deposits which can be cashed on short notice to meet the daily demands of our clients	\$ 153,135	\$ 125,673
2. Invested in securities issued by the Government of Canada, Provincial Governments, Municipalities and Corporations	277,663	187,670
3. Invested in 111,080 (93,460 in 1974) mortgage, consumer, personal and other loans to help finance our clients' needs	2,151,462	1,868,208
4. Invested in airplanes leased to Air Canada	14,958	9,045
5. Purchased land, buildings and equipment necessary to provide services from coast to coast at our 96 (93 in 1974) branches and mortgage offices and 48 (46 in 1974) real estate offices	28,398	27,155
6. Income taxes recoverable		5,801
7. Real estate acquired in settlement of loans	685	
Total money invested	<u>\$2,626,301</u>	<u>\$2,223,552</u>
Value of assets handled by our trust departments	\$3,226,000	\$2,728,000
Total value of assets entrusted to our care	\$5,852,000	\$4,952,000

26



Advisory Boards

PACIFIC

Honorary Chairman
H.R. MacMILLAN, Vancouver
Retired Executive

* J.V. CLYNE, Vancouver
Director, MacMillan Bloedel Limited
R.B. WILSON, Victoria
President, The B. Wilson Company Limited
H. CLARK BENTALL, Vancouver
Chairman and Chief Executive Officer, Dominion
Construction Company Ltd.

C.W. BRAZIER, Vancouver
Barrister and Solicitor
F.N. CABELDU, Victoria
Retired Executive
G.B. CURRIE, Vancouver
Chairman, MacMillan Bloedel Limited
KENNETH G. HEFFEL, Vancouver
President, Great West Steel Industries Ltd.

RICHARD I. NELSON, Vancouver
Chairman and President
British Columbia Packers Limited
EDWIN C. PHILLIPS, Vancouver
President, Westcoast Transmission Company
Limited
CLARKE SIMPKINS, Vancouver
President, Clarke Simpkins Ltd.
H.R. STEPHEN, Victoria
Retired Executive
J.D. WILSON, Vancouver
Corporate Director
J.H. WILSON, Victoria
Retired Executive

OAKVILLE

* WESLEY J. BEATTY, Acton
Retired Executive
JOHN R. BARBER, Georgetown
President, Barber & Henley Limited
J.S. BEATTY, Oakville
Retired Executive
M.C. BEATY, Milton
Real Estate Representative
A.G. CLARKSON, Mississauga
Fruit Grower
F.M. EARLY, Brampton
President, Early's Farm Supply Ltd.
REFORD GARDHOUSE, Milton
Livestock Farmer
E. DUNLOP GOULDING, Toronto
Vice-President, Goulding, Rose & Turner Ltd.
JOHN GOY, Acton
President, Goy Cartage Ltd.
MICHAEL LEDWITH, Milton
Real Estate and Insurance
C.A. MARTIN, Milton
Farmer
W.H. McCAUGHERTY, Streetsville
Retired Farmer
ANGUS McMILLAN, Oakville
Barrister and Solicitor
JAMES PENGILLEY, Mississauga
Retired Farmer
EARL S. PORTEOUS, Dundas
Retired Executive
EVERETT E. SLACER, Oakville
Retired Farmer

TORONTO

* M.C.G. MEIGHEN
Vice-President, Canada Trust
Chairman, Canadian General Investments Limited
A.E. BARRON
Chairman, Canadian Tire Corporation Limited
HENRY BORDEN
Corporate Director
R.P. BRATTY
Barrister and Solicitor
W. HAROLD CLARK
Retired Executive
G.E. CREBER
President and Chief Executive Officer,
The Consumers' Gas Company
ELMORE HOUSER
Barrister and Solicitor
MARGARET P. HYNDMAN
Barrister and Solicitor
R.W. STEVENS
Barrister and Solicitor
JOHN D. STEVENSON
Barrister and Solicitor
NOAH TORNØ
Chairman and Chief Executive Officer
Jordan Valley Wines Limited

* Chairman

Real Estate and Mortgage Office Locations

Gerald J. Deneleid
Regional Real Estate Manager
Pacific and Prairie Regions

PACIFIC REGION

BURNABY • 5665 Kingsway
NANAIMO • 86 Commercial St.
PRINCE GEORGE • 500 Victoria St.
VANCOUVER • 416 Main St.
1475 W. Broadway • 5710 Yew St.
VICTORIA • 1537 Hillside Ave.

PRAIRIE REGION

CALGARY • 6707 Elbow Dr. S.W.
1324 Centre St. N.E.
EDMONTON • 9509 - 156 St.
LETHBRIDGE • 622 Third Ave. S.
MEDICINE HAT • 477 Third St. S.E.
RED DEER • 4928 Ross St.
REGINA • 1921 Scarth St.

SASKATOON • 115 - 2nd Ave. N.
WINNIPEG • 1433 Corydon Ave.

J. Michael Whatmore
Regional Real Estate Manager
Southwestern and
Midwestern Ontario Regions

SOUTHWESTERN ONTARIO REGION

LONDON • 1253 Huron St.
245 Pall Mall St. • 1225 Hutton Rd.
ST. THOMAS • 378 Talbot St.
SARNIA • 350 N. Christina St.
SIMCOE • 46 Norfolk St. N.
WINDSOR • 2521 Dougall Rd.

MIDWESTERN ONTARIO REGION

CAMBRIDGE GALT • 44 Main St.
John Galt Shopping Centre
CAMBRIDGE PRESTON • 602 King St.

ELMIRA • 57 Arthur St. S.
FERGUS • 298 St. Andrews St. W.
GUELPH • 34 Wyndham St. N.
175 Silvercreek Parkway N.
KITCHENER • 305 King St. W.
69 King St. W.
STRATFORD • 41 Downie St.

James R. Grieve
Regional Real Estate Manager
Central Ontario and
Eastern Canada Regions

CENTRAL ONTARIO REGION

BRAMPTON • 28 Main St. N.
BURLINGTON • 4045 New St.
DUNDAS • 60 King St. W.
GEORGETOWN • 55 Main St. N.
HAMILTON • 592 Upper James St.

MISSISSAUGA • 2580 Hurontario St.
OAKVILLE • 83 Trafalgar Rd.
ST. CATHARINES • 103 Ontario St.
TORONTO • 2962 Bloor St. W.
472 Eglinton Ave. W. • 109 Rexdale Blvd.
2432 Eglinton Ave. E. • 6989 Yonge St.

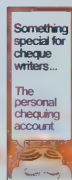
EASTERN CANADA REGION

HALIFAX • 6239 Quinpool Road
OTTAWA • 1430 Prince of Wales Dr.

MORTGAGE OFFICES

KINGSTON • 225 Bagot Street
MONTREAL • 7040 Rue St. Hubert
TORONTO • 491 Eglinton Avenue W.

27



REGIONAL

• PACIFIC REGION

Regional Office
901 West Pender, Vancouver

Derek J. Warren*
Senior Vice-President

Alan D. Munro
Assistant Vice-President

James P. Moroney
Assistant Vice-President - Vancouver
Main Branch

• PRAIRIE REGION

Regional Office
239-8th Ave. S.W., Calgary

Leonard W. Stoll*
Vice-President

Robert J. McClelland
Assistant Vice-President

• SOUTHWESTERN ONTARIO REGION

Regional Office
220 Dundas Street, London

John R. Biggs*
Vice-President

Fred Neufeld
Assistant Vice-President

Peter C. Maurice*
Vice-President - London Main Branch

• MIDWESTERN ONTARIO REGION

Regional Office
305 King Street West, Kitchener

Archie H. Kerr*, C.A.
Vice-President

Kenneth W. Shewfelt
Assistant Vice-President

J. Terence Osbourne
Assistant Vice-President - Kitchener
Main Branch

• CENTRAL ONTARIO REGION

Regional Office
110 Yonge Street, Toronto

Melvin M. Hawkrigg*, C.A.
Senior Vice-President

Fred S. Collier
Assistant Vice-President

Ronald Clayton
Assistant Vice-President
Manager - Hamilton Main Branch

George W. Stoyles, C.A.
Assistant Vice-President - Toronto Main Branch

• EASTERN CANADA REGION

Regional Office
800 Dorchester Blvd. W., Montreal

Liam S. O'Brian*
Vice-President

HEAD OFFICE

Canada Trust Tower
275 Dundas St.
London

• CLIENT SERVICES

Jack H. Speake*
Senior Vice-President

Charles C. Parsons*, F.C.A.
Vice-President - Administrative Services

D. Eric MacMillan
Assistant Vice-President - Administrative
Services

Norman T. White
Assistant Vice-President - Information Systems

B. Eric Minns, F.C.A.
Vice-President - Savings Services

Sean J. McNamara
Assistant Vice-President - Investment Funds
Services

James R. Wilken
Assistant Vice-President - Deposit Services

Gwyn E. Williams
Vice-President - Loans and Real Estate Services

Warren C. Elliott
Assistant Vice-President - Mortgage Services

Robert M. Overholt
Assistant Vice-President - Loans Services

Philip A. Heiland
Assistant Vice-President - Pension and Corporate
Services

Donald A. MacDonald
Assistant Vice-President - Corporate Trust
Services

Robert E. Redgwell, C.A.
Assistant Vice-President - Comptroller

John D. Richardson, C.A.
Assistant Vice-President - Personal Trust
Services

• FINANCE

Herbert N. Seath*
Vice-President

W. James Blowers
Assistant Vice-President - Investments

E. Donald L. Miller
Treasurer

• MARKETING SERVICES

Donald E. McLean*
Vice-President

Frank W. Pratt
Assistant Vice-President - Marketing Services

• PERSONNEL SERVICES

James T. Lindores*
Vice-President

Robert J. E. Smith
Assistant Vice-President - Organization
Services

Duncan F. Tilly
Assistant Vice-President - Personnel Resources

• SPECIAL PROJECTS

Keith L. Sumner*
Vice-President

• GENERAL COUNSEL AND SECRETARY

C. Robert Clarke
Vice-President

• AUDIT SERVICES

John L. Doran, C.A.
Assistant Vice-President

Regional and Head Office Management

28



* Member - Corporate Management Group

May We Help You?

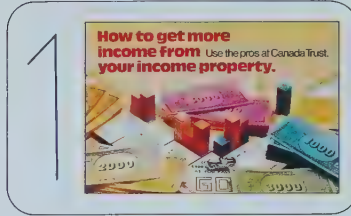
Throughout this report and on this page are pictures of many of the brochures outlining our services. We hope you will take advantage of the opportunity to request some of these information folders and learn of services which may be of use to you in financial planning, both personal and corporate.

Just write in the number of each brochure you wish to have on the enclosed return post card whether it be our income tax preparation service (number 15) for example, or how you can plan for future retirement (number 7), or how we can help you with your personal or business investment portfolio (number 9).

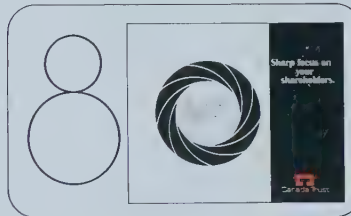
If by chance the post card from the report has already been used just drop a note to:

*Public Relations Department,
Canada Trust, City Centre,
London, Ontario, indicating the
brochure numbers that
you desire.*

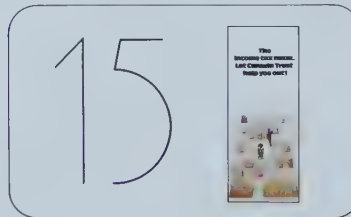
We've successfully managed other people's property for years. Let us manage yours too



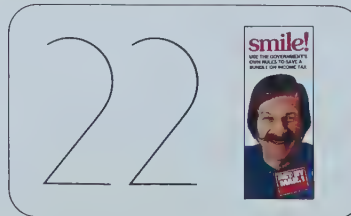
Canada Trust resources and expertise offer your company complete corporate services



Let Canada Trust experts do your income tax return this year...we guarantee accuracy.



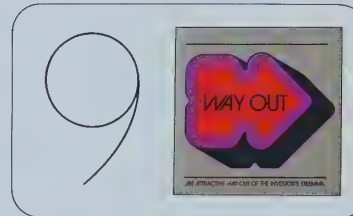
Here are two tax-saving opportunities for you to consider each year



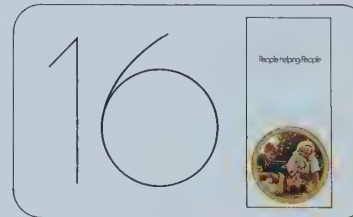
Investment accounting service - a painless way to cope with the capital gains tax rules.



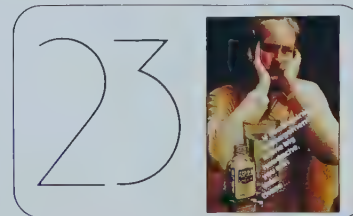
Investment portfolio management service provides competent, full-time management for you.



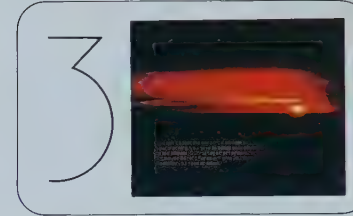
This booklet shows what Canada Trust offers in the way of personal financial services.



Use our property management service and let the pros handle condominium management headaches.



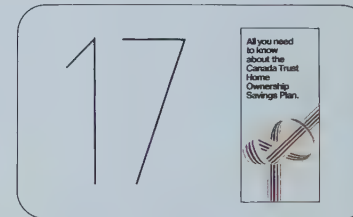
Our money management system for employee benefit funds gives the flexibility needed today.



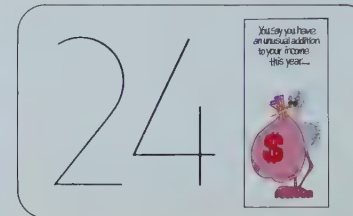
Thousands of Canadians finance new car purchases with a Canada Trust personal loan.



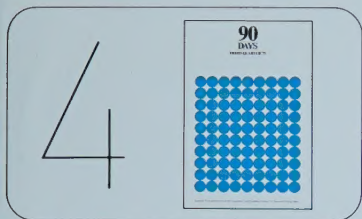
Saving for a home? A registered home ownership plan can help - and save taxes too.



Unusual addition to your income? Explore the tax advantages of an income averaging contract



Each quarter Canada Trust looks ahead and comments on the economic and investment scene.



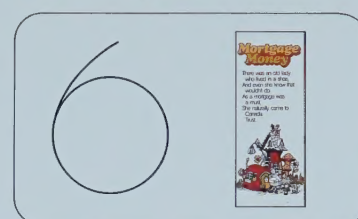
This booklet answers many questions you might have on equity financing.

If your business requires outside financing to keep expanding, let Canada Trust help.



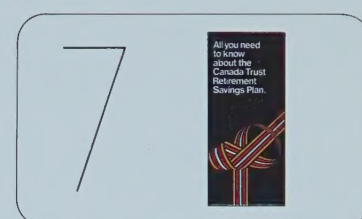
Our estate planning and executor-trustee services are invaluable for your family's future financial security.

Canada Trust mortgages have helped people buy homes for over 100 years.

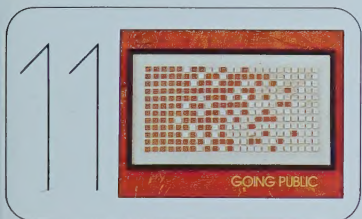


Thirteen money services for you - all you need in one place.

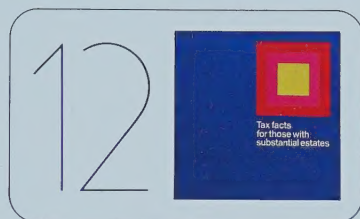
All about retirement savings plans - a great way to plan for your future.



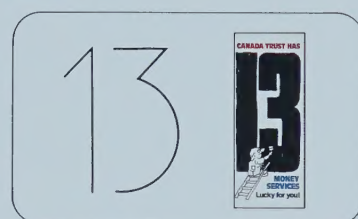
Secure principal and high interest - yours with a guaranteed investment certificate.



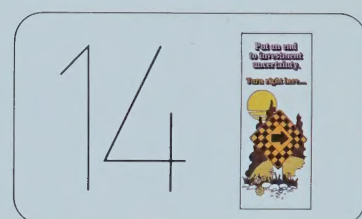
Considering an investment fund? Be sure to read our investment fund annual report.



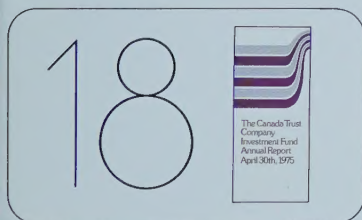
Our deferred profit sharing plan can help you keep more of your company's profit pie.



Buying a house? Let one of our professional real estate people help you.



In Ontario use 66 branches as though each were your own with our computerized savings service.



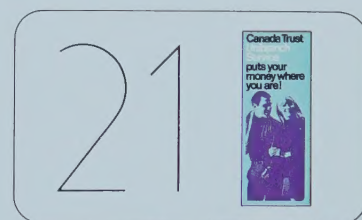
Our home owner loans let you take advantage of the equity in your present home.



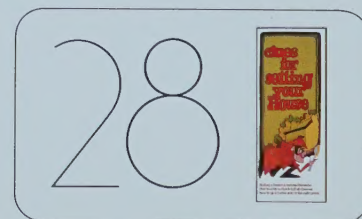
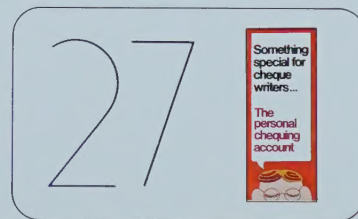
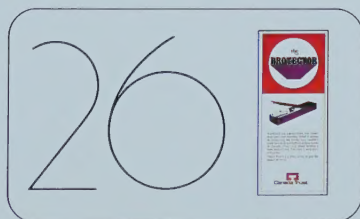
Entrust "the things you wouldn't want to lose" to one of our safe deposit boxes.



Write cheques? One of our convenient personal chequeing accounts can save you money.



Buy or sell your home with our coast-to-coast real estate service.



WINDSOR:
190 University Ave. W.
at Victoria
Devonshire Mall
Howard Ave.

VICTORIA:
View at Broad

NEW WESTMINSTER:
6th St. at 7th Ave.

VANCOUVER:
West Pender at Hornby
Cambie at 41st
41st Ave. W. at Yew Street
Denman at Comox
416 Main Street

BURNABY:
Kingsway at Marlborough

CHATHAM:
62 King St. W. at
Market Square
Chatham Place
Highway 40 and
4th Concession

SARNIA:
Christina at London Road
139 Lochiel at Christina

NANAIMO:
86 Commercial at Wharf

WEST VANCOUVER:
Park Royal Shopping
Centre

ST. THOMAS:
Talbot at Elgin
Elgin Mall
417 Wellington Street

LONDON:
305 Boler Road, Byron
220 Dundas at Clarence
Covent Market Place
Wortley at Elmwood
opening 1976



LETHBRIDGE:
622 Third Avenue S.

CALGARY:
239-8th Ave. S.W.
Market Mall
3625 Shaganappi Trail N.W.
Southcentre
100 Anderson Road S.E.

REGINA:
1921 Scarth Street

BRANDON:
636 Rosser Ave.

SASKATOON:
115 - 2nd Ave. N.

MEDICINE HAT:
477 Third Street S.E.

MOOSE JAW:
318 Main Street N.

RED DEER:
4928 Ross Street

WINNIPEG:
230 Portage Avenue
Unicity Mall
3605 Portage Avenue

PRINCE GEORGE:
Victoria at 5th

EDMONTON:
10150 - 100th Street

Richmond at University
Oakridge Plaza
Oxford St. W.
Hutton and Sherwood



